



**Health Services**  
LOS ANGELES COUNTY

**Los Angeles County**  
**Board of Supervisors**

**Gloria Molina**  
First District

**Mark Ridley-Thomas**  
Second District

**Zev Yaroslavsky**  
Third District

**Don Knabe**  
Fourth District

**Michael D. Antonovich**  
Fifth District

**John F. Schunhoff, Ph.D.**  
Interim Director

**Gail V. Anderson, Jr., M.D.**  
Interim Chief Medical Officer

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June 24, 2010

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D.  
Interim Director

SUBJECT: **NOTIFICATION OF THE DEPARTMENT OF HEALTH SERVICES' USE OF DELEGATED AUTHORITY**

This is to advise that the Department of Health Services (DHS) has exercised its delegated authority, approved by your Board on December 22, 2009 (see attached agenda #18), to execute a funding agreement with the California Department of Health Care Services (DHCS) and also to amend existing service agreements with L.A. Care and Health Net to provide for Local Medi-Cal Managed Care Supplemental Payments (LMSPs).

The authority delegated to the Department, by your Board, allowed DHS to execute agreements with the DHCS to make intergovernmental transfers to draw down federal revenues to fund LMSPs increases through the Department's agreements with L.A. Care and Health Net plans.

These agreements were fully executed in April 2010 and payments of approximately \$69,538,000 from L.A. Care and \$33,342,000 from Health Net are expected to be received by June 30, 2010. These revenues were reflected in the Department's last Fiscal Outlook dated May 18, 2010.

If you have any questions or require additional information, please let me know.

JFS:ANW:hr

Attachment

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors

W:\rice\RATES\Managed Care Rates-FYs 08-09 to 09-10\Board Notifications\Notification to the Board-MC Rates 6-24-10.doc

On motion of Supervisor Knabe, seconded by Supervisor Antonovich, this item was approved.

Ayes: 5 - Supervisor Ridley-Thomas, Supervisor Yaroslavsky, Supervisor Knabe, Supervisor Antonovich and Supervisor Molina

Attachments: Board Letter

**Health and Mental Health Services**

17. Recommendation: Approve and authorize the Interim Director of Health Services to execute a replacement agreement with the LA Care Health Plan, for the continued funding of health care provided by the Community Health Plan's Medi-Cal Managed Care Program, effective January 1, 2010 through September 30, 2012; authorize the Interim Director to execute future amendments to the agreement to: a) revise or incorporate provisions consistent with all applicable State laws, regulations, and funding requirements, County ordinance and Board policy changes; and accreditation standards; and b) adopt or amend any Local Initiative Performance Standards and Policies and Procedures. (Continued from meeting of 12-15-09) (Department of Health Services) (09-2824)

On motion of Supervisor Knabe, seconded by Supervisor Antonovich, this item was approved.

Ayes: 5 - Supervisor Ridley-Thomas, Supervisor Yaroslavsky, Supervisor Knabe, Supervisor Antonovich and Supervisor Molina

Attachments: Board Letter  
Report

18. Recommendation: Approve and authorize the Interim Director of Health Services to prepare and execute the following agreements and amendments for the Federal Fiscal Year of October 1, 2008 through September 30, 2009, in order to make intergovernmental transfers to fund supplemental Medi-Cal managed care rate increases, and to receive such supplemental Medi-Cal managed care payments for the Community Health Plan and Department of Health Services providers: (Department of Health Services)

Agreement with the California State Department of Health Care Services (DHCS) to authorize intergovernmental transfers (IGTs) of approximately \$31,690,000, or such greater amount as necessary to be used in funding the Special Medi-Cal Managed Care Capitation Rate Increases (SMCRIs) for L.A. Care;

Agreement with the DHCS to authorize IGTs of approximately

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\$15,340,000, or such greater amount as necessary to be used in funding SMCRIs for Health Net;

Amendment to the agreement with L.A. Care to provide to Community Health Plan Local Medi-Cal Managed Care Supplemental Payments of approximately \$82,492,000 or up to 103% of such amount if higher payments are permitted by the SMCRIs L.A. Care receives from the DHCS; and

Amendment to the agreement with Health Net which will provide the Department of Health Services Local Medi-Cal Managed Care Supplemental Payments of approximately \$39,925,000 less \$200,000 in an administrative fee, or up to 103% of that amount if higher payments are permitted by the State. (09-2857)

**On motion of Supervisor Knabe, seconded by Supervisor Antonovich, this item was approved.**

**Ayes:** 5 - Supervisor Ridley-Thomas, Supervisor Yaroslavsky, Supervisor Knabe, Supervisor Antonovich and Supervisor Molina

**Attachments:** Board Letter

19. Recommendation: Approve and authorize the Director of Mental Health to execute amendments to the agreements with various contract providers to accommodate the transition to the State's new Medi-Cal claiming system on February 1, 2010 by allowing: a) the providers to request and receive additional Cash Flow Advances (CFA) up to 1/12th of the Maximum Contract Amount per month, for up to four additional months, fully funded by available Federal, State and County funds; and b) extend, by up to three months, the date upon which the Director determines if a provider has an outstanding CFA balance and the date upon which the Director initiates repayment of any amounts due; and authorize the Director to: (Continued from meeting of 12-15-09) (Department of Mental Health)

Approve CFAs for providers who do not provide Medi-Cal services to the extent such providers are impacted by the transition to the new Medi-Cal claiming system;

Execute amendments to the Department's Fee for Service (FFS) agreements with group and individual providers, and to execute amendments to the Department's Legal Entity agreements with FFS Organizational Providers to provide for payment based on manual claims for up to four months, fully funded by Federal, State and County funds; and